JUNE 2025 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IN ACCOUNTANCY

SUBJECT: DA 1 - FINANCIAL ACCOUNTING

QUESTION ONE

The general performance on the question was poor. Of the 128 that attempted the question, only 32 managed to obtain at least 10 out of the available 20 marks. A pass rate of 25% was recorded. The highest score was 16 while the lowest was 0 out of 20.

Poor interpretation of business transactions and poor knowledge of double entry system was the cause of poor performance.

QUESTION TWO

The general performance on the question was good. Of the 106 that attempted the question, 62 managed to obtain at least 10 out of the available 20 marks. A pass rate of 58.5% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required candidates to explain five (5) errors which are not disclosed by trial balance. Prepared candidates obtained good marks in this part of the question.

Part (b) required candidates to prepare updated cash book. Candidates failed to correctly adjust the cash book on the following items i.e. (1) opening cash book balance with overstatement, (5) rentals wrongly posted and (a) payments recorded twice. Understanding of double entry system caused the failure.

Part (c) required candidates to prepare candidates to prepare a bank reconciliation statement. Candidates managed to treat the reconciling figures i.e. K100 000 and K130 000 correctly.

QUESTION THREE

The general performance on the question was very poor. Only 17 out of the 77 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 22.1% was recorded. The highest score was 13.5 while the lowest was 0 out of 20.

Part (a) (i) required candidates to draw up equipment account under 1AS 16 accounting for non – current assets.

The ledger account was entered with wrong figures.

Part (a) (ii) required candidate to draw up equipment accumulated depreciation account. Candidates failed to establish the current year's depreciation charge and the figures relating to disposed item were not correctly posted.

Part (a) (iii) required candidates to draw up equipment disposal account. This was done well.

Part (b) required candidates to prepare the trade receivables control account. The few who attempted this part failed to post items like credit sales on the debit and receipts from credit customers on the credit. This is due to poor examination preparation.

QUESTION FOUR

The general performance on the question was fair. Of the 89 that attempted the question, only 44 managed to obtain at least 10 out of the available 20 marks. A pass rate of 49.4% was recorded. The highest score was 16 while the lowest was 0 out of 20.

Part (a) required candidates to prepare a departmental statement of profit or loss for the year. Candidates lost marks by presenting a combined profit or loss instead of a departmental format.

Part (b) required candidates to explain two reasons why the loss-making department many not be closed. Poor feedback on result interpretation from part (a) answer.

QUESTION FIVE

The general performance on the question was very good. 78 out of the 98 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 79.6% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required candidates to prepare a manufacturing account for the year. This part was reasonably answered well.

Part (b) required candidates to prepare a statement of profit or loss for the year. Common mistake was including manufacturing expense items in this statement and failing to include loan note interest.

Part (c) required candidates to prepare a statement of financial position. The common mistake was failing to separately be showing the closing inventory.

QUESTION SIX

The general performance on the question was very good. Of the 129 that attempted the question, 108 managed to obtain at least 10 out of the available 20 marks. A pass rate of 83.7% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required candidates to prepare a statement of profit or loss for the year. Well prepared candidates obtained high marks.

Part (b) required candidates to prepare a statement of financial position. This part was well answered.

Overall Performance of Candidates

Highest mark obtained in this paper: 86%

Lowest mark obtained in this paper: 4%

Overall pass rate in this paper: 55.8%

SUBJECT: DA2-QUANTITATIVE ANALYSIS

QUESTION ONE

The general performance on the question was fair. 45 out of the 87 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 51.7% was recorded. The highest score was 16 while the lowest was 0 out of 20.

The questions in this section were multiple choices and covered the entire syllabus. The questions covered the entire syllabus hence students had a wide range of topics on which they were to demonstrate their understanding. In most cases, candidates lost marks for using wrong formulae when computing the required tasks.

QUESTION TWO

The general performance on the question was excellent. 80 of the 86 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 93.0% was recorded. The highest score was 20 while the lowest was 3 out of 20.

Part (a) required candidates to draw the scatter plot of the given data.

Part (b) required candidates to find the regression line.

Part (c) required candidates to calculate the hours spent studying when the exam score is 100.

Part (d) required candidates to calculate coefficient of correlation and interpret the result appropriately.

It was observed that the performance in this question was good, candidates had less challenges in solving the questions given. Those that lost marks on this part of the question made computational errors especially when computing the summations.

QUESTION THREE

The general performance on the question was fair. Of the 74 that attempted the question, 34 managed to obtain at least 10 out of the available 20 marks. A pass rate of 45.9% was recorded. The highest score was 19 while the lowest was 0 out of 20.

This question was divided into two parts.

Part (a) required candidates to use the given data to construct a component bar chart. It was observed that most candidates did not know how to construct a correct component bar chart hence they lost marks. Others constructed a histogram instead of a bar chart. There is a need to emphasize the difference between the two.

Part (b) required candidates to calculate the median, the mean and standard deviation from a given scenario of ungrouped data. The first and second parts of the question were solved without much struggle, but application of concepts emphasized in the third part of the question was not well done. There was an observed lack of understanding of the question as most candidates could not find the correct value of the standard deviation. There is also needed to emphasize the difference between population standard deviation and sample standard deviation formulae.

QUESTION FOUR

The general performance on the question was very poor. Of the 34 that attempted the question, only 3 managed to obtain at least 10 out of the available 20 marks. A pass rate of 8.8% was recorded. The highest score was 16 while the lowest was 0 out of 20.

Part (a) of the question require candidates to use the net present value method and the internal rate of return method to determine whether an investment is worthwhile or not. There was an observed lack of understanding of the correct formulae to be used hence most candidates got wrong answers.

Parts (b & c) required candidates to use the method of annuities to solve a problem involving simple interests. The general performance in these parts of the question was poor because candidates were observed to be using the wrong formulae. There is need to emphasis on differences between simple interest, compound interest and

annuities to help candidates to choose the correct method when solving problems involving monetary investment and interest rates.

The performance on this part of the question was not good. Candidates demonstrated a serious lack of knowledge on this topic.

QUESTION FIVE

The general performance on the question was good. 47 out of the 66 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 71.2% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question required the candidate to determine:

    (a) Maxmax Criterion,

    (b) Maxmini Criterion

    (c) Minimax Regret criterion

    (d) Hurwicz criterion.

    Most candidates demonstrated good working knowledge on this question. Notable errors resulted due to lack of knowledge on what to do. The overall performance on this question was good.

QUESTION SIX

The general performance on the question was poor. Only 28 out of the 81 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 34.6% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was divided into two parts.

Part (a) required candidates to calculate the median, the mean and standard deviation from a given scenario of ungrouped data. The performance on this question was not good, candidates made a lot of mistakes when computing the summary statistics to use. They got wrong summation and hence ended up getting wrong answers.

Part (b) required candidates to use the method of normal distribution to solve a given scenario. The performance of the candidates on this question was poor. There was an observed failure to correctly use the Z tables in finding probabilities.

Overall performance of candidates

Highest mark obtained in this paper   80%

Lowest mark obtained in this paper   8%

Overall pass rate in this paper   62.1%

SUBJECT: DA3- BUSINESS ECONOMICS

QUESTION ONE

The general performance on the question was good. Of the 99 that attempted the question, 63 managed to obtain at least 10 out of the available 20 marks. A pass rate of 63.6 % was recorded. The highest score was 18 while the lowest was 2 out of 20.

QUESTION TWO

The general performance on the question was poor. Of the 64 that attempted the question, only 17 managed to obtain at least 10 out of the available 20 marks. A pass rate of 26.6% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This question was divided into three (3) parts namely (a), (b), and (c) as follows:

(a) Required candidates to explain the rationale of a market economic system. Performance was below average. The common mistake is lack of understanding of what an economic system is let alone a free economic system. The question required candidates to explain reasons that justify why the free market economic system is preferred.

(b) This question required candidates to describe how the market mechanism influences:

    (i)   Price determination. Having failed part (a) many candidates could not answer this one and (ii) below correctly. This is because they needed to understand the features of a free market economic system to answer these questions correctly.

    (ii)   Allocation of resources. See (i) above.

(c) This question required candidates to distinguish between change in demand and change in quantity demanded. Performance was fair. The common mistakes committed by many candidates included interchanging answers for change in demand and change in quantity demanded, very poor diagrams. Candidates must realize that marks are shared between the explanation and the diagrams or graphs.

QUESTION THREE

The general performance on the question was poor. Of the 61 that attempted the question, only 25 managed to obtain at least 10 out of the available 20 marks. A pass rate of 40.9% was recorded. The highest score was 20 while the lowest was 1 out of 20.

The question was divided into four parts namely (a), (b), (c) and (d) as follows:

(a) This part of the question required complete the table by calculating values for TVC, MC, and ATC. Performance was good except that some candidates failed to calculate correct values for TVC. This is because some failed to understand that fixed cost was K100 from the given data and TVC = TC − FC.

(b) This question required candidates to explain the relationship between MC and ATC with the help of a diagram. The performance was poor because of poor graphs and poor explanations.

(c) Required candidates to define fixed costs and give one example. The definition of fixed cost was correctly answered by almost all candidates, but few gave the correct example of a fixed cost.

(d) Required candidates to distinguish between vertical integration and horizontal integration. This question was poorly answered. It revealed how candidates skip some topics in their examination preparation. Majority of the answers given were far away from the topic.

QUESTION FOUR

The general performance on the question was fair. 40 out of the 73 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 54.8% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was divided into three (3) parts namely (a), (b) and (c) as given below:

(a) The question required candidates to compare and contrast the features of monopoly and oligopoly market structures in terms of number of firms, market power, barriers to entry, product differentiation, and efficiency. This was fairly done. The common mistakes included poor presentation of answers, interchanging the features of the two market systems, and not answering the question using the given parameters.

(b) This question required candidates to calculate the profit of a firm from the given data. This was correctly answered by majority of the candidates. For those who failed the common mistake was failure to determine TC and TR correctly since Profit = TR − TC.

(c) Lastly this question required candidates to explain the concept of a cartel under oligopoly. This was fairly done but there were a lot of noneconomic explanations and wrong examples given. Candidates are strongly encouraged to study the topic on market structures as it is a very important one in this examination.

QUESTION FIVE

The general performance on the question was very poor. Only 5 out of the 34 that attempted the question, 5 managed to obtain at least 10 out of the available 20 marks. A pass rate of 14.7% was recorded. The highest score was 11 while the lowest was 0 out of 20.

The question was divided into three (3) parts namely (a), (b) and (c) as follows:

Part (a) of the question required candidates to define basic concepts related to National Income Accounting and Determination:
(i) National income. This was fairly done by candidates.
(ii) Net National product. Majority of the candidates got this definition wrong. Some candidates repeated the same definition they had given for (a)(i) above.
(iii)Disposable Income.

Part (b)

This was fairly done too amidst wayward answers.

(a) This required candidates to explain the concept of deflationary gap with the help of a diagram. This was poorly done. Majority of the candidates could not correctly explain the concept of deflationary gap let alone draw a correct diagram. Majority of the diagrams were wrong.

Part (c)

This part of the question required candidates to calculate GDP using the appropriate method from the given data. This is a common question in this paper, and it was correctly answered by majority of the candidates. The few candidates that failed to answer the question could not indicate the expenditure method and attempted to use something else.

QUESTION SIX

The general performance on the question was good. 45 out of the 73 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 61.6% was recorded. The highest score was 20 while the lowest was 0 out of 20

The question was divided into five (5) parts namely (a) to (e) as follows:

(a) This part of the question required candidates to list any four (4) characteristics of money. The performance was very good. However, some candidates confused characteristics of money with functions of money.
(b) Required candidates to state any two (2) problems of barter system and how the use of money solves those problems. This was fairly answered, though some

candidates answers were vague and based on common sense rather than economics.

(c) Required candidates to differentiate between M1 and M2 measures of money supply. This was poorly done. Majority of the candidates were lost.

(d) Required candidates to outline any two (2) roles of financial institutions. Performance was good on this part of the question.

(e) Required candidates to describe how the government can influence economic activity through supply side policies. Performance was below average for this question. Few candidates presented the supply economic policies. These are policies aimed at influencing supply bordering around government expenditure, taxation, and regulation.

QUESTION SEVEN

The general performance on the question was fair. Of the 90 that attempted the question, 50 managed to obtain at least 10 out of the available 20 marks. A pass rate of 55.6% was recorded. The highest score was 20 while the lowest was 2 out of 20

The question was divided into four (4) parts namely (a), (b), (c) and (d) as follows:
   (a) Required candidates to outline reasons why countries engage in international trade. This part of the question was fairly well answered.
   (b) Required candidates to differentiate between trade surplus and trade deficit. This was fairly done although some candidates presented answers not related to the balance of payment.
   (c) Required candidates to explain any three (3) effects of exchange rate fluctuations on international trade. Performance was below average as many candidates mainly outlined answers to do with imported inflation and constrained political relations.
   (d) Required candidates to outline any two (2) macroeconomic objectives. This was well answered by majority of the candidates that attempted the question.

Overall performance of candidates

Highest mark obtained in this paper: 91%

Lowest mark obtained in this paper: 14%

Overall pass rate in this paper: 50.5%

SUBJECT: DA.4 - COMMUNICATION

QUESTION ONE

The general performance on the question was very good. Of the 109 that attempted the question, 86 managed to obtain at least 10 out of the available 20 marks. A pass rate of 78.9% was recorded. The highest score was 18 while the lowest was 4 out of 20.

This question required candidates to select the best answer from the options given. candidate who did not perform well failed to select the best answers and that affected them. Some candidates were able to select answers that were close to the best options, and unfortunately lost marks because their answers were not the best options.

QUESTION TWO

The general performance on the question was good. Of the 97 that attempted the question, 60 managed to obtain at least 10 out of the available 20 marks. A pass rate of 61.9% was recorded. The highest score was 18 while the lowest was 0 out of 20.

Part (a) required candidates to explain five common network security

threats to a business with online presence stating a solution for it from a

given scenario in the question.

Part (b) of the question required candidates to state five reasons an AIS needs a database.

Part (c) required them to outline five ways an Information System can contribute to the success of an organization's value chain.

The common mistakes that were observed were:

(i) Some students did not understand the relational database attributes and failed to explain the common network security threats to a business associated with online.

(ii) Some students explained information system structures and not the importance of having a database in an Accounting Information System. Some candidates presented data storage as answers which were not correct.

(iii) Some students were identifying network security threats while others were identifying different types of malwares individually.

QUESTION THREE

The general performance on the question was poor. Of the 49 that attempted the question, only 15 managed to obtain at least 10 out of the available 20 marks. A pass rate of 30.6% was recorded. The highest score was 18 while the lowest was 0 out of 20.

Part (a) required candidates to list five specialized scanners for inputting information.

Part (b) required candidates to explain the types of computer software utilities that are used in computer systems such as, File defragmentation, File conversion, Device drivers, Spam blocker and data compression.

Part (c) candidates were required to state five (5) benefits of having good data quality in an organization.

The common mistakes that were observed were:

(i) Some students failed to identify or list specialized scanners for inputting information. Some mentioned the common inputs like keyboard, mouse, etc.

(ii) Most students could not explain the types of computer software utilities that are used in a computer system correctly and their use.

(iii)Some students gave characteristics of having good data quality in an organization, instead of stating the benefits of having good data quality in an organization.

QUESTION FOUR

The general performance on the question was poor. Of the 68 that attempted the question, only 17 managed to obtain at least 10 out of the available 20 marks. A pass rate of 25% was recorded. The highest score was 15 while the lowest was 2 out of 20.

Part (a) required candidates to explain five (5) new capabilities available for e-businesses using distributed computing setups that take advantage of unused bandwidth and resources.

Part (b) required candidates to list five (5) commands found in the MS Excel/MS Word's File tab.

Part (c) required them to explain five (5) possible causes of computer lock ups in a scenario that was given in the question.

The common errors that were observed were:

(i) Some students failed to explain the new capabilities available for e-business using distributed computing setups. They presented advantages of unused bandwidth and resources without explanations.

(ii) Most students could not list the commands found in the MS Excel/MS Word File tab. Some just listed the main menu bar and the task bar instead.

(iii) Some students presented wrong explanations on the possible causes of computer lockups. They explained the security aspect of hacking the computer system which was not correct.

QUESTION FIVE

The general performance on the question was poor. Of the 98 that attempted the question, only 40 managed to obtain at least 10 out of the available 20 marks. A pass rate of 40.8% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) of this question required candidates to state four examples of non-verbal communication.

Part (b) required candidates to explain any four (4) reasons non-verbal communication is an important aspect in business organizations.

Part (c) required candidates to explain any four (4) types of questions that can be used to get information in formal situations.

The common errors that were observed were:

(i) Most candidates mixed up examples of visual with non-verbal communication. and this led to loss of marks

(ii) Wrong content such as reports, minutes and examples of both oral and written communication was presented as answers which were not correct.

(iii)Some candidates identified wrong types of questions. Mixed explanations on the types of questions. ie, open ended questions were explained as closed questions. The PASS concepts, with actual open-ended questions, were presented as answers which were not supposed to be the case.

QUESTION SIX

The general performance on the question was poor. Of the 65 that attempted the question, only 23 managed to obtain at least 10 out of the available 20 marks. A pass rate of 35.4% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required candidates to state any three reasons why it is important for them to seek permission from a given scenario.

Part (b) required candidates to outline any four things to consider when refusing to grant permission.

Part (c) required candidates to describe any three instances in which a manager may be required to seek permission.

The common mistakes that were observed in these questions were:
   (a) Repeated questions.

   Very poor quality of answers.
   (b) Repeated answers.

    In most cases very wrong content was provided as answers.
   (c) Mixed up answers.

QUESTION SEVEN

The general performance on the question was poor. Of the 55 that attempted the question, only 20 managed to obtain at least 10 out of the available 20 marks. A pass rate of 36.4% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This question required candidates to write a formal report from a given scenario in the question.

The common mistakes that were observed on this question were:

(i) The contents for each section were wrong in most cases. e.g. content meant for the findings were presented under the introduction/terms of reference subheadings. This was the same case with other subheadings.

(ii) wrong format/ layout was used. Some wrote letters and other memos which were not correct.

(iii)Inappropriate main title of the report, characterized by very poor quality of information.

(iv)Wrong information is not well aligned with the scenario provided in the question.

(v) Inadequate content as answers.

(vi)Very poor grammar and spelling.

Overall performance of candidates
Highest mark obtained in this paper: 83   %
Lowest mark obtained in this paper: 08   %
Overall pass rate in this paper: 47.7 %

SUBJECT: DA5 – COST ACCOUNTING

QUESTION ONE

The general performance on the question was poor. Only 38 of the 104 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 36.5% was recorded. The highest score was 18 while the lowest was 0 out of 20.

QUESTION TWO

The general performance on the question was fair. Only 28 out of the 82 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 46.3% was recorded. The highest score was 15 while the lowest was 0 out of 20.

This question examined process costing. It required candidates to calculate:
(a) Calculate normal loss units.
(b) Abnormal gain or loss.
(c) Prepare a process account and distinguish between joint and by products.

Most of the candidates managed to calculate the normal loss and abnormal gain units. However, the preparation of the account and the distinction between joint and by-products were not well answered.

The most common mistakes made by the candidates included:

(i) failing to calculate abnormal gain units.
(ii) designating abnormal gain units as abnormal loss units.
(iii) posting debits on the credit side and vice-versa
(iv) failing to prepare statements of equivalent units and cost per equivalent unit.

These statements are required whenever there are opening and closing work-in-progress units.
(i) Very few candidates could distinguish joint products from byproducts.

QUESTION THREE

The general performance on the question was poor. Only 20 of the 70 that attempted the question, 20 managed to obtain at least 10 out of the available 20 marks. A pass rate of 28.6% was recorded. The highest score was 18.5 while the lowest was 0 out of 20.

Question Three was the second least popular question in Section B and it had the second lowest pass rate.

This question examined candidates on service costing and required candidates to calculate:

(a) the number of pupils who attend day school for each grade
(b) the percentage occupancy for all the pupils per grade
(c) the cost per unit for pupils in boarding school per grade
(d) explain four features of the service industry.

A good number of candidates struggled with this question- hence the poor pass rate on this question. Only part (d) was well answered.

The common errors included:

(ii) Failure to multiply the day school occupancy rate by the available space per grade to get the number of day school pupils.
(iii) Failure to calculate the total number of pupils (boarding plus day)
(iv) Failure to express the total pupils as a percentage of available space to arrive at the occupancy rate for each grade.
(v) Failure to calculate the adjusted cost (done by deducting income from a donor from total cost) and then dividing by the pupils in boarding schools to arrive at the cost per unit per pupil in boarding school.

QUESTION FOUR

The general performance on the question was excellent. Of the 99 that attempted the question, 89 managed to obtain at least 10 out of the available 20 marks. A pass rate of 89.9% was recorded. The highest score was 20 while the lowest was 1.25 out of 20.

Performance was excellent. This question was the most popular question, and it had the highest pass rate.

Question Four examined candidates on the inventory management system and candidates were required to:
(a) Define (i) Economic Order Quantity, and (ii) maximum inventory level.
(b) Calculate the total value of closing inventory using First-In-First-Out (FIFO), Last-In-Out (LIFO)and Cumulative Weighted Average Cost (AVCO)

The most common mistakes made by poorer candidates included:

In part (a),
Failure to understand what defining means in the context of the question. Candidates presented the EOQ and Maximum Inventory level formulae.
In part (b),

(i) FIFO (First In, First Out): Candidates forgot that the earliest purchases are issued first, and the most recent purchases remain in inventory, resulting in a wrong closing balance figure.
(ii) LIFO (Last In, First Out): Some candidates got confused and mistakenly applied FIFO rules instead of issuing the most recent purchases first.
(iii)AVCO (Average Cost): Candidates struggled to understand when and how to calculate the weighted average, especially after each purchase or issue.

QUESTION FIVE

The general performance on the question was poor. Of the 95 that attempted the question, only 35 managed to obtain at least 10 out of the available 20 marks. A pass rate of 36.8% was recorded. The highest score was 15 while the lowest was 0 out of 20.

This question examined candidates' knowledge of three costing methods: Job, Contract, and Process costing. Candidates were required to:
(a) calculating the price of a given job.
(b) state three features of Job, Contract, and Process costing.
(c) explain the difference between direct and indirect costs, giving examples of each.

The most common mistakes made by the candidates included:

(i) Failure to understand that markup is based on cost, while profit margin is based on selling price. Candidates confused the two, leading to incorrect pricing.
(ii) Mathematical errors when adding costs and applying the percentage given in the question.
(iii) Inability to identify distinct features associated with each costing method.
(iv) Some candidates did not understand what each costing system is used for.
(v) Giving similar and repeated features across the three methods without distinguishing between them.
(vi) Some definitions were often vague or incorrect, such as: "Direct costs are those that are directly used' and 'Indirect costs are general costs."
(vii)

QUESTION SIX

The general performance on the question was poor. Of the 65 that attempted the question, only 3 managed to obtain at least 10 out of the available 20 marks. A pass rate of 4.6% was recorded. The highest score was 13 while the lowest was 0 out of 20.

The question required candidates to:
    (a) calculating separately for Natasha and Moola
        (i) the bonus payable.
        (ii) total gross wage
    (b) state six (6) main responsibilities of a cost accountant.
    (c) state four (4) features of a good coding system.

The most common mistakes made by the candidates included:

(i) Failure to compute time allowed for the units produced by Natasha and Moola. Many candidates only considered the time taken in the calculation of labour cost.

(ii) Gross pay for Moola was wrongly computed because most candidates did not include the overtime payment which was 43 hours minus 40 hours = 3 hours. Then 3 hours x K12 per hour = K36.

(iii) Many candidates stated the responsibilities of a financial accountant such as preparation of financial statements and the payroll, instead of the responsibilities of a cost accountant.

(iv) Most candidates did not attempt this part on features of a good coding system. Those that attempted this part gave poor answers which showed complete ignorance about the features of a good coding system.

Overall performance of candidates
Highest mark obtained in this paper: 71%
Lowest mark obtained in this paper: 07%
Overall pass rate in this paper: 42.3%

SUBJECT: DA6 - BUSINESS LAW

QUESTION ONE

The general performance on the question was very good. Of the 70 that attempted the question, 53 managed to obtain at least 10 out of the available 20 marks. A pass rate of 75.7% was recorded. The highest score was 16 while the lowest was 2 out of 20.

This question was multiple choice. The question was a mixture of all topics.

QUESTION TWO

The general performance on the question was excellent. Of the 70 that attempted the question, 67 managed to obtain at least 10 out of the available 20 marks. A pass rate of 95.7% was recorded. The highest score was 20 while the lowest was 5 out of 20.

Part (a) was based on the nature of the partnership business. All candidates managed to identify the elements of a partnership business.

Part (b) students were able to identify the ways through which a partnership business can be dissolved.

Part (c) was based on profit making; assets and duties of partnership and the performance was good.

In future, candidates are urged to study according to the syllabus and follow the syllabus learning outcomes. The question was from within the syllabus; there was no strange material brought in.

QUESTION THREE

The general performance on the question was fair. Of the 8 that attempted the question, 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 50% was recorded. The highest score was 20 while the lowest was 2 out of 20.

The question was divided into two parts.

(a) The question was based on the doctrine of frustration, and all candidates did well under this part, with most of them getting 10 and above.

(b) This part was based on discharge of contracts. All candidates did well and scored 10.

Candidates are encouraged to continue working hard. Students were able to appreciate fully the principles surrounding frustration of contracts and discharge. The 10% which failed need to actively study the principle in question as it is highly examinable and is always targeted by examiners, however, from different angles.

QUESTION FOUR

The general performance on the question was excellent. Of the 70 that attempted the question, 66 managed to obtain at least 10 out of the available 20 marks. A pass rate of 94.3% was recorded. The highest score was 20 while the lowest was 6 out of 20.

Part (a) required candidates to distinguish was based on unlawful dismissal and unfair dismissal. Candidates did well in this question with the majority scoring above 50%. Part (b) required students to explain various ways a contract of employment may come to an end.

Part (c) demanded students explain judicial precedents as source of Law. Candidates exhibited high knowledge of the subject matter.

Part (d) required students to distinguish a contract of sale from an ordinary simple contract.

Part (e) required candidates to explain the exact stage risk passes in a contract of sale.

Students did well in all questions. The ZICA manual is comprehensive on the said topic and students must read it in its entirety. Future candidates are encouraged to read widely and revise this topic as it is highly examinable.

QUESTION FIVE

The general performance on the question was poor. Of the 68 that attempted the question, 26 managed to obtain at least 10 out of the available 20 marks. A pass rate of 38.2% was recorded. The highest score was 15 while the lowest was 0 out of 20.

QUESTION SIX

The general performance on the question was good. Of the 62 that attempted the question, 43 managed to obtain at least 10 out of the available 20 marks. A pass rate of 69.4 % was recorded. The highest score was 18 while the lowest was 2 out of 20.

Overall performance of candidates

Highest mark obtained in this paper: 86%
Lowest mark obtained in this paper: 30%
Overall pass rate in this paper: 91.4%

SUBJECT: DA 7: - PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on the question was fair. Of the 89 that attempted the question, 41 managed to obtain at least 10 out of the available 20 marks. A pass rate of 46.1% was recorded. The highest score was 16 while the lowest was 2 out of 20.

QUESTION TWO:

The general performance on the question was very good. Of the 85 that attempted the question, 60 managed to obtain at least 10 out of the available 20 marks. A pass rate of 70.6% was recorded. The highest score was 20 while the lowest was 1 out of 20.

This question was divided into three (3) parts.

Part (a) candidates were asked to explain three (3) component elements that good leaders demonstrate their Emotional intelligence. Majority of the candidates gave the three (3) correct component elements that are demonstrated by good leaders.

Part (b) the candidates were required to state four (4) benefits of delegation of authority. The benefits of delegation were correctly defined by many candidates.

Part (c), candidates were asked to explain any five (5) factors to be considered to raise levels of motivation as staff participate in business operations of an organization. Many candidates managed to discuss the factors required to raise the levels of motivation.

QUESTION THREE:

The general performance on the question was fair. Of the 66 that attempted the question, only 30 managed to obtain at least 10 out of the available 20 marks. A pass rate of 45.5% was recorded. The highest score was 17 while the lowest was 0 out of 20.

The question had two (2) parts; part (a) and part (b).

Part (a) required candidates to discuss the theory of motivation developed by Victor H Vroom. The observation in this question was that some candidates correctly discussed motivation according to Victor Vroom's theory of motivation. Other candidates discussed motivation in a general sense they did not explain the concept according to Victor Vroom.

Part (b) candidates were asked to explain the human resource terms, Job analysis and Job Description. Almost all the candidates failed to give good explanations of these terms an indication that probably the unit on Human resource management was not adequately taught and hence inadequate preparation. Candidates are advised to cover every aspect of the syllabus.

QUESTION FOUR

The general performance on the question was good. Of the 82 that attempted the question, 58 managed to obtain at least 10 out of the available 20 marks. A pass rate of 70.7% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question had two (2) parts; part (a) and part (b).

In part (a) candidates were expected to describe the leadership style as depicted in the Blake and Mouton's management grid. The question was well answered by most candidates who remembered and understood the model. Only a few could not get the question right.

Part (b) candidates were required to explain five (5) external factors that may cause change in an organization. The use of the PESTEL model by majority of the candidates enabled them to get full marks of 10 marks on this part of the question. Few candidates failed in this part of the question.

QUESTION FIVE

The general performance on the question was good. Of the 38 that attempted the question, 24managed to obtain at least 10 out of the available 20 marks. A pass rate of 63.2% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This question was divided into four (4) parts; part (a), (b), (c) and (d).
Parts (a), (b) and (d) were well answered by most of the candidates.
However, in part (c), many candidates had challenges. The question required candidates to explain Four (4) approaches to Individual Development with a mark allocation of (8 marks). The DA7 Manual, however, only gives approaches to Development. It was observed that most candidates gave varied and general answers as opposed to what was provided in the suggested solutions.

QUESTION SIX

The general performance on the question was poor. Of the 83 that attempted the question, 21 managed to obtain at least 10 out of the available 20 marks. A pass rate of 25.3% was recorded. The highest score was 17 while the lowest was 0 out of 20.

This question was divided into four (4) parts; part (a), (b), (c) and (d).
Part (a) asked candidates to explain five (5) aspects that leaders acting as 'change agents 'should consider in defining projects and proposals in a way that is acceptable. Many candidates used Kotter and Schlesinger approach while others gave the Kantan's 7 skills organizational leaders use in managing change. Many candidates performed poorly on this part of the question.
Part (b) required candidates to state three (3) attributes of change. Majority candidates again failed to give correct answers on this part of the question.
Part (c) required candidates to give an example of change that is triggered in a microenvironment. Many candidates got this part of the question right and gave correct examples.

Part (d) asked candidates to state five (5) characteristics of a public sector organization. This part was well answered by many candidates though a few candidates confused a public sector organization to a public limited company.

The overall performance in question Six (6) was poor, most candidates lost out on part (a) and (b) where there was a total of 13 marks.

Overall performance of candidates

Highest mark obtained in this paper: 82%
Lowest mark obtained in this paper: 14%
Overall pass rate in this paper: 56.2%

SUBJECT: DA8 - FINANCIAL REPORTING

QUESTION ONE

The general performance on this question was fair. 75 of the 158 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 47.5% was recorded. The lowest mark recorded was 0 while the highest was 25.

This was a compulsory question that required the candidates to prepare the consolidated statement of financial position for Banda group of companies. Overall, this question was very well answered probably because it is a predictable question for section A. All the 158 candidates at this sitting attempted this compulsory question. Most of the candidates who attempted were able to correctly perform the required calculations except for a few candidates who portrayed the following challenges:

(i) Further, several candidates failed to correctly calculate the fair value depreciation for the statement of profit or loss. As the acquisition of Mumba had taken place six months before the year end, only half year depreciation K4,000 needed to be charged and not K8,000 per annum figure. A good number of candidates showed ignorance on this issue. Further, some candidates who correctly calculated the depreciation failed to use it in the rightful working amounts thereby losing some marks. Future candidates are reminded to use the calculated figures correctly and not to just end on workings. They are also reminded to pay particular attention to the period between acquisition and reporting for the sake of correctly calculating additional depreciation for statement of financial position.

(ii) Few candidates failed to duplicate the figures that did not require any amendment onto the consolidated financial statements for easy marks.

(iii)Several candidates struggled to get the share of post acquisition retained earnings of associate company Mama Ltd and even those that calculated it, hardly took it to the group retained earnings working.

(iv)Some candidates failed to compute the correct Goodwill figure on acquisition as they were adding the 50% of Mumba's 10% loan notes to the purchase acquisition,

which was incorrect. The loan notes were to be treated as an intra group balance cancellation upon the preparation of consolidated statement of financial position. Many candidates failed to realize this. It needed to be subtracted from the balance of the investments figure as well as the group loans.

(v) Few candidates attempted to compute the group retained earnings figure on the face of the statement of financial position and therefore got it wrong as most adjusting items were excluded.

(vi) Some candidates failed to compute the correct current asset figure by only adding the K300,000 and K160,000 without adjusting for the unrealized profit figure of K20,000 and the K30,000 owing to Banda (Note 2 of the question).

(vii)   Similarly, some candidates failed to compute the correct figure for the current liabilities adding the K200,000 and K70,000 without adjusting for the K30,000 intra group payable amount.

(viii)   Some candidates were only replicating the statement of financial position as is and therefore losing their precious exam time in the process.

(ix) Further, a handful of candidates were applying 80% on goodwill impairment when subtracting it from goodwill, which is an incorrect way to do it. Future candidates are reminded that good will impairment loss get subtracted 100% from goodwill regardless of whether fair value method of valuing NCI is used or not.

(x) It was equally disappointing to note that some candidates had no idea of the consolidation process as they applied the % interest of the parent in both the subsidiary Mumba and associate Bama to ascertain values of assets and liabilities for consolidation purposes.

(xi) Finally, few candidates ended their answer on workings, and nothing was posted to the consolidated statement of financial position. This seriously disadvantaged

the candidates as a question like this gives candidates lots of marks that are straight from the question.

(xii)   Failure to follow recommended presentation of putting figures in brackets to maximize on achieving high marks also had a detrimental effect on the victims as their totals that were incorrect could not be allocated proportionate marks for components unknown.   Future candidates are seriously reminded to utilize this technique to maximise the marks they earn.

(xiii)   Future candidates are reminded to read through examiners' reports of previous examinations to learn about common mistakes by past candidates. This helps candidates pay particular attention to problematic areas common to all.

QUESTION TWO

The general performance on this question was poor. 59 of the 153 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 38.6% was recorded. The lowest mark recorded was 1 while the highest was 20.

This was a compulsory question that had three (3) parts.

Part (a) required the candidates to prepare a statement of profit or loss for Ngala Ltd, part (b) required candidates to prepare a statement of changes in equity.

Part (c) required candidates to prepare the statement of financial position for Ngala Ltd.

The performance on this question was fair by most of the candidates, especially in comparison to previous sittings.   This was expected for the predictable question. However, those who could not perform well exhibited the following challenges:

(i) Most candidates failed to appreciate the fact that consignment arrangement needed to be reversed both from revenue (using sale value) and from cost of sales (using cost value).   A few candidates managed to reduce the revenue with no

associated amount taken to the cost of sales. Future candidates are reminded to pay attention to the nitty gritty aspects of each standard. A handful of candidates hardly recorded anything about this note to adjust relevant amounts.

(ii) Some knowledge gap was noticed on the issue of IFRS 16's treatment of ROUA. Majority of the candidates applied the interest rate on the lease on the K160,000 in order to calculate the finance cost instead of on the K120,000 which had not been paid. Further, a handful of candidates applied the 'arrears' rental approach unlike the 'advance' rental approach to calculate the lease liabilities for the question. Future candidates are reminded to be thorough in their coverage of the principles of accounting standards.

(iii) There was a tendency by students to present the bank balance as an overdraft when the balance was a debit and not credit in the trial balance

(iv) Most candidates were apportioning the share capital by 50%, it seemed like the 50n value confused them in terms of treatment. Candidates are used to having K1 shares which has not impact on the shared capital when multiplied.

(v) Very few candidates were able to correctly account for the research cost on the abandoned project. Many completely left it out from their answer.

(vi) Most candidates were accounting for the dividends paid in the statement of profit and loss and not using the retained earnings as dividends are usually from the previously profits made by the company

(vii) Calculation of the profit on the replaced property was a challenge, very few candidates were able to make a correction on this profit.t

(viii) Taxation most candidates were adding the brought forward balance of K4,400,000 to the provision for income tax for the year ended 31 December of K30,000,000. The two should have been summed as the K4.4 million was an under-provision the previous year.

(ix) Calculation of the depreciation on the Property Plant and Equipment was a challenge for few of the candidates

(x) Some candidates showed lack of knowledge of the presentation of the financial statements. Some candidates presented the receivables, equity and loan balances in the statement of profit and loss.

(xi) On the positive note, the candidates that performed well on this question demonstrated the ability to calculate income tax charge without struggle, adjust for consignment sale correctly, derive amounts for lease liability and ROUA with no struggle and mostly calculated depreciation correctly. Most important, they were able to bring amounts that did not require any adjustments into their respective places. Additionally, even where they failed to arrive at the correct final amounts, they showed a lot of workings and that made it easy for them to score good marks.

(xii) The other shortcoming was a few candidates that did not show any workings for this question and opted to do workings on calculator and transfer from calculator to final answer. Such candidates would not be anywhere near to passing the exam as most marks are achieved through workings that are also well referenced.

QUESTION THREE

The general performance on this question was good. 96 of the 143 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 67.1% was recorded. The lowest mark recorded was 0 while the highest was 25.

This question had two parts (a) and (b). Part (a) required candidates to compute some ratios equivalent to those that had been provided for the industry and part (b) required candidates to write a report interpreting the ratios to a would-be investor.

From those who did not do so well, the following were the main weaknesses observed from their answers:

(i) Ratio Interpretation – Most candidates could not interpret the meaning of the ratios computed. They just computed the ratios without explaining what they indicated or meant as regards the company performance against industry averages.

(ii) Report Format – Most of the candidates did not outline the proper report format. The ratios were just being explained without the proper report format being followed. To make matters worse, some of the candidates did not bother to even put down any report except posting sentences for the interpretation.

(iii)Ratio measurement - Most of the candidates did not explain what the computed ratios measured as regards performance. They were simply just making comparisons with the industry average.

(iv)Reference to industry average ratios – Some candidates did not refer to the industry average ratios provided in the question for comparison. They interpreted the computed ratios in isolation from the ratios provided in the question.

(v) Misunderstanding of requirement – Some candidates misunderstood the requirement of the question to make comparison with the industry ratios provided and instead referred to the provided ratios as those of the company as at the previous year end.

QUESTION FOUR

The general performance on this question was very poor. Only 7 of the 74 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 9.5% was recorded. The lowest mark recorded was 0 while the highest was 19.

This question was based on a scenario from various standards and had four parts (a) (b), (c) and (d).
Part (a) scenario was testing IFRS 16 principles.
Part (b) scenario tested IFRS 15 principles of performance obligations satisfied at a point in time and overtime.
Part (c) tested the IFRS 9 convertible loan notes principles and part (d) had issues of IFRS 5 non-current assets held for sale and discontinued operations.

The main challenges observed by the candidates at this sitting were as follows:

(i) Understanding of IFRS/IAS – Most of the candidates do NOT understand and know Accounting Standards leading to candidates failing to answer the question as required.

(ii) Application of Accounting Standards – Most of the candidates could not apply the Accounting Standards to the questions.

(iii)Computations – Most of the candidates could not do the computations as required.

They were just making general explanations without computations.

Future DA8 candidates are urged to seriously go down to understanding accounting standards and other theory parts of the syllabus.

QUESTION FIVE

The general performance on this question was very poor. 8 of the 77 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 10.3% was recorded. The lowest mark recorded was 1 while the highest was 16.

This question had three parts, (a), (b) and (c). Part (a) had three subcomponents (i), (ii) and (iii). Part (a) (i) required the candidates to prepare a Branch inventory account. Part (a) (ii) required the candidates to prepare a Goods sent to branch account and part (a) (iii) required candidates to prepare a Branch markup account.

Part (b) required candidates to explain briefly two (2) main approaches used to account for inventory loss or damage under branch accounts.

Part (c) required candidates to explain any five (5) key differences between public and private entities .

This question, just like question four (4) was quite unpopular and poorly performed by the candidates at this sitting. The worst performed components were parts (a) and (b). Part (c) performance was slightly better.

The issues with part (a) were that most of the candidates had a challenge of understanding the account itself. This was evidenced by the mere listing of figures with no double entry application that could make sense. Some of the candidates left

out (i) and (ii) un-attempted. In (i) they were swapping the entries and in (iii) they were giving narrations instead of accounts and entries.

The issues with part (b) were the candidates' mix-up of the question with inventory valuation methods of LIFO, FIFO and AVCO instead of demonstrating the accounting and treatment of losses as per requirement. Few candidates went on to explain the importance of stock taking.

The issues with part (c) were that most candidates were failing to explain the differences between
Public companies and Private companies most candidate answers were not tangible.

Overall performance of candidates

Highest mark obtained in this paper: 73%
Lowest mark obtained in this paper: 10%
Overall pass rate in this paper: 39.5%

SUBJECT: DA9 – MANAGEMENT ACCOUNTING

QUESTION ONE

The general performance on this question was poor. 66 of the 151 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 43.7% was recorded. The lowest mark recorded was 0.25 while the highest was 20.75.

This question required candidates to:

(a) Calculation of the following variances:

(i) Sales volume and sales price variances.
(ii) Price and usage variances for material A and B.
(iii) Mix and yield variances for material A and B.
(iv) Labour rate and efficiency variances.
(v) Variable overhead expenditure and efficiency variances.

(b) Explain the impact of the interdependence of variances.

(c) Explain four types of standards and suggest one which is closer to reality
    (i.e. to actual results).

The most common mistakes made by candidates who performed badly on this question included:

(i) Some candidates used production units of 30,000 tiles instead of actual sales units of 29,000 tiles in the calculation of sales volume variance.
(ii) In direct opposite to (a) above, some candidates used actual sales units of 29,000 tiles instead of the production units of 30,000 tiles in the calculation of material usage variance, labour efficiency and variable overhead efficiency variance.
(iii) Most candidates had difficulties calculating the yield variance. Others avoided the question of mix and yield variances altogether.
(iv) On variance interdependence, many candidates did not refer to the adverse labour rate variance and the favorable labour efficiency variance in (a) (iv) above.

QUESTION TWO

The general performance on this question was very good. 118 of the 149 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 79.2% was recorded. The lowest mark recorded was 2.5 while the highest was 25.

This question examined the candidates' understanding of functional budgets and required candidates to prepare:

(a) Sales budget
(b) Production budget.
(c) Material usage budget.
(d) Material purchase budget.
(e) Labour budget.

The most common mistakes made by the candidates included:

(i) Some candidates struggled to extract and organize the information needed for the sales budget.
(ii) Some candidates used sales quantities instead of production quantities to calculate material usage and material purchases budgets.
(iii) One of the most frequent mistakes was basing labour hours on sales units instead of production units.

QUESTION THREE

The general performance on this question was very poor. None of the 40 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 0.0% was recorded. The lowest mark recorded was 0 while the highest was 11.5.

This question examined candidates on decision making and required candidates to:
 (a)   Advise the company whether or not it should purchase components and state any other non-financial issues
 (b)   Prepare a statement which shows optimum usage of resources and the optimum contribution.

This question was not popular to candidates. Poor results can be attributed to inadequate preparation and understanding by candidates.

The most common mistakes made by the candidates included:

(i) Failure to perform a make or buy decision by comparing the variable costs of buying with the variable costs of making

(ii) Failure to derive the resources per unit, i.e. kg, litres, machine hours and labour hours from the information given. Without this information, most of the workings were guess work.

(iii) In part (a), failure to come up with other issues.

(iv) In part (b), incorrectly stating machines hours as limiting factors instead of kgs.

(v) In part (b), ranking on the basis of units instead of kgs.

(vi) Dealing with the discussion on other issues in part (a) and ignoring calculations in parts (a) and (b).

QUESTION FOUR

The general performance on this question was fair. 67 of the 114 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 47.5% was recorded. The lowest mark recorded was 0 while the highest was 23.

This question examined candidates to:

(a) Write a report that explains the significance of contribution, break-even point and margin of safety and how to compute them.

(b)
(i) Calculation of the contribution per unit
(ii) Break-even point in units and sales value.
(iii) Margin of safety in units and percentage.
(iv) Compute the number of units to achieve a target profit.
(v) State four limitations of the Cost Volume Profit analysis.

The most common mistakes made by the candidates included:

(i) Many candidates had a problem explaining the margin of safety in units, i.e budgeted production units for less units at break-even point.

(ii) Some candidates did not put their answer to part (a) in the form of the report as required. They lost 2 marks which were allocated to the report format. Future candidates should take note of this and are advised to read the requirements carefully.

(iii) A good number of candidates used K7 as contribution per unit instead of K4, thereby giving the wrong figure for units needed to achieve target profit. The question stated clearly that variable costs had increased by K3, thereby reducing the contribution from K7 to K4.

QUESTION FIVE

The general performance on this question was fair. 56 of the 114 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 49.1% was recorded. The lowest mark recorded was 0 while the highest was 23.

This question examined candidates' knowledge of pricing, ways of assessing customers' credit worthiness and costs commonly incurred over the life of a product.

The most common mistakes made by the candidates included:

 (i) Failing to calculate the fixed overhead absorption rate per hour in part (a) (i) or calculating the rate per hour correctly as K50 and then use it in the solution. This was wrong. The correct approach was K50 per hour x 5 hours per unit = K250 per unit.

 (ii) Omitting the opportunity cost in the relevant cost-plus pricing model.

 (iii) In part (b), explaining ways of managing receivables instead of ways of assessing customers' credit worthiness.

Overall performance of candidates

Highest mark obtained in this paper: 85%

Lowest mark obtained in this paper: 04%

Overall pass rate in this paper: 61.3%

SUBJECT DA-10 TAXATION

QUESTION ONE

The general performance on this question was good. 43 of the 78 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 55.1% was recorded. The lowest mark recorded was 1 while the highest was 22.

This question was on the taxation of a VAT registered public limited company and had three parts (a) to (c).

In these parts, candidates were required to calculate:
  (a) Calculate the amount of capital allowances claimable on buildings, implements plant and machinery by Mukuma plc for the tax year 2025.
  (b) Calculate the tax adjusted business profit and the income tax payable by Mukuma Plc for the tax year 2025.
  (c) Calculate the income tax payable by Mukuma Plc for the tax year 2025.

Commentary on Performance of candidates:
  (a) This was an application question on capital allowances, some candidates had challenges on the following:
  (i) Calculation of a balancing charge on the disposal of the Ford Ranger Van
  (ii) Calculation of the balancing allowance on Toyota Hilux Van
  (iii) Calculation of wear and tear allowance the trucks which were VAT inclusive

QUESTION TWO

The general performance on this question was fair. 37 of the 78 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 47.4% was recorded. The lowest mark recorded was 0. while the highest was 22.

The tax aspects which were examined in this question encompassed employment and investment incomes and had three parts (a) to (c).

In parts (a) and (b), candidates were required to calculate the amount of withholding tax paid by Mr. Kabali on the investment income he received and amount of income tax payable by Mr. Kabali for the tax year 2025 indicating using a zero (0) on any emoluments that are not taxable.

In part (c), candidates were required to explain the meaning of the receipts' basis as it applies to taxation of income from employment.

Commentary on Performance of candidates:

(a) A well answered part by most candidates and scored good marks

(b) The candidates who failed this part of the question because they did not take into account the increase in salary. It is important to pay particular attention to time frame whenever dealing with an employment question

(c) Many candidates failed to explain the receipt basis that is applicable in employment tax.

QUESTION THREE

The general performance on this question was fair. Only 3 of the 39 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 7.7% was recorded. The lowest mark recorded was 0 while the highest was 16.

In this question, candidates were tested on various tax aspects including provisional tax, farming and non-farming income tax, rental income and presumptive taxes and was divided into two parts (a) and (b).

In part (a), candidates were required to explain, with reasons, which of the given individuals in a case study, were required to pay provisional income tax and which

ones were not, stating how the income generated by each of those persons were to be assessed to tax in the year 2025.

In part (b), candidates were required to compute the amount of tax paid by each of the given persons on the income they generated in the tax year 2025 as between turnover tax, farming and non-farming taxes, rental income and presumptive taxes.

Commentary on Performance of candidates:

(a) This was a knowledge component question on persons who are required to pay provisional tax but was poorly attempted by those candidates who tried it.

(b) part of the question was poorly attempted by most of the candidates because they did not tax farming and non-farming income separately. A high number of the candidates failed to compute the taxable amounts requested and ended up losing the vital marks.

QUESTION FOUR

The general performance on this question was very poor. Only 4 of the 52 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 7.7% was recorded. The lowest mark recorded was 0 while the highest was 17.

This question was on VAT requirements and had three parts (a) to (c).

In parts (a) to (c), candidates were required to explain giving reasons supported with appropriate computations, when Namonje was required to register for VAT on either a quarterly or year basis from a set of given sales for a period of June 2024 to December 2025.

And in part (d), candidates were required to compute the Customs Value (Value for Duty Purposes) of the Fuso delivery truck and the total import taxes paid by Namonje on the importation of the vehicle.

Commentary on Performance of candidates:

(a) This part had a mixture of knowledge and application components on VAT was poorly attempted by most candidates and failed to score good marks.

(b) An easy component which was well done by most candidates

(c) This was averaging done by the candidates

(d) Easy marks were collected by good, prepared candidates a few of them who applied wrong Customs and Excise duties failed to pick the full marks

QUESTION FIVE

The general performance on this question was very poor. Only 6 of the 63 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 9.5% was recorded. The lowest mark recorded was 0 while the highest was 15.

This last question in the paper was on the taxation aspects of partnerships which involved some changes in the tax year and recouping of tax losses which were brought forward from previous years and had two parts (a) and (b).

In part (a), candidates were required to prepare a computation of the allocation of the taxable profit to each partner in the tax year 2025 clearly showing how the losses brought forward at 1 January 2025 were to be relieved and the balance of tax losses, if any, at 31 December 2025.

In part (b), candidates were required to calculate each partner's income tax payable for the tax year 2025.

Commentary on Performance of candidates:

(a) A few candidates managed to apportion the balances correctly to the partners for the two periods of 4 and 8 years. Most of the candidates failed lamentably.

(b) Since this part was tied to part (a) most of the wrong computations spilled over to this was well. Most candidates failed to apply the 50% threshold on losses to the taxable profits and carried wrong losses.

Partnership question seem to be poorly answered by most candidates due to a failure to apply the correct timings whenever there is a change in the partnership deed.

Overall performance of candidates

Highest mark obtained in this paper: 68%

Lowest mark obtained in this paper: 02%

Overall pass rate in this paper: 24.4%

SUBJECT: DA 11-PRINCIPLES OF AUDITING

QUESTION ONE

The general performance on this question was good. 106 of the 153 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 69.3% was recorded. The lowest mark recorded was 1 while the highest was 23.

The performance in this part of the question was satisfactory with a majority of the candidates scoring half or more of the available marks.

Part (a).
(i)   This part of the question required candidates to explain 4 advantages to T & S having its financial statements audited. A majority of the candidates scored maximum marks in this part of the question.

The following observations were made for candidates that scored low marks in this part of the question:
(i) There were candidates that seem to have run out of time in answering the compulsory questions not attempting most of the parts of these questions.
A majority gave advantages which are clearly wrong showing lack of understanding of the benefits of a non-statutory audit which is the case in the scenario being that of a partnership. This part of the question required candidates to explain one disadvantage of T & S having its financial statements audited. A majority of the candidates satisfactorily answered this part of the question and scored the maximum available mark.

Part (b)
(i)   This part of the question required candidates to identify and explain 4 threats to the independence of the auditors in the audit of the financial statements of T & S Academy. A majority of the candidates scored half or more of the available marks. A minority of the candidates scored less than half the available marks.

The following observations were made:
• There were candidates that simply identified the ethical threat without any explanations as required.
• There were candidates that did not suggest safeguards for the threats explained thus losing the marks for not doing so.
• There were candidates that explained the general threats to auditor independence of self-interest etc. which was not the question requirement and no marks were awarded for doing so.

(ii)   This part of the question required candidates to suggest 4 safeguards to the ethical matters explained in (i) above. As good examination technique, parts (i) and (ii) should have been answered once in columnar form. There were noted instances where no safeguards were suggested for the ethical matters explained in (i). There were instances where the safeguards explained could not be related to the ethical matters discussed in (i) and no marks were awarded for doing so.

Part (c)
(i)   This part of the question required candidates to explain 2 corporate governance weaknesses faced by T & S Academy. A majority of candidates answered this part of the question correctly and scored maximum marks.

         There were candidates that scored lower marks, a majority of whom gave answers that were clearly incorrect as in examples given below:
         (i) Refusing to appoint independent auditors is considered a governance weakness.
         (ii) There were candidates that explained ethical matters and considered them as governance issues.
         (iii)Suggesting that management not being independent in their work as a governance matter.

(ii)   This part of the question required candidates to explain 3 reasons why it is important to communicate with those charged with governance in an audit of financial statements. Candidates needed to have an understanding of the provisions of ISA 260 Communication with those charged with governance to satisfactorily answer this part of the question.

         The following observations were made:
         (i) A sizeable number simply did not attempt to answer this part of the question, signifying lack of knowledge of the topic on communication with those charged with governance.
         (ii) There were candidates that mistook the question to risk assessment and understanding the entity which was incorrect.
         (iii)Some candidates explained matters that should be communicated with those charged with governance instead of discussing the importance of communicating as per question requirement.

(iii)   This part of the question required candidates to explain 3 factors that should be considered before setting up an internal audit function. A majority of the candidates answered this part correctly and scored maximum marks.

The following observations were made with regards to candidates that scored poorly in this part of the question:

(i) The fact that internal auditors will not be paid an audit fee is a factor which is not answering the question requirement of matters to consider in setting up an internal audit function in the organization.

(ii) A few candidates simply did not attempt to answer this part of the question.

Part (d)

This part of the question required candidates to explain 2 benefits of planning the audit of T & S Academy. A majority of the candidates scored maximum marks as they were able to explain 2 benefits of planning the audit.

The following observations were made:

(i) A minority of candidates did not attempt to answer this part of the question.

(ii) There were candidates that the auditors needed to consider whether or not to accept the audit when the auditors will have been appointed already is planning the audit.

QUESTION TWO

The general performance on this question was fair. 69 of the 150 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 46% was recorded. The lowest mark recorded was 0 while the highest was 21.

Part (a)

(i) This part of the question required candidates to identify and explain 5 audit risks in the audit of planning the audit of Gilters Ltd.

The following observations were made:

(i) A sizeable number of candidates could not explain 5 audit risks as required and so lost marks for not doing so.

(ii) There were candidates that identified audit risks with no explanation as required.

(iii) Surprisingly there were candidates that explained internal controls weaknesses which were not required. Candidates are encouraged to understand the question requirements before attempting to answer the questions.

(iv) There were candidates that could not explain the impact of the explained audit risks to the financial statements.

(ii) This part of the question required candidates to suggest suitable responses for the risks explained in (i) above.

There were candidates that answered this part separately from part (i) and did not bother to match the audit responses to the risks identified and explained in the first part.

The following observations were made:

(i) There were candidates that gave as audit responses, management responses to the identified audit risks. Candidates should note that it is the auditors who require to respond appropriately to the audit risks identified at the planning stage of the audit.

(ii) There were a few candidates that simply did not suggest suitable responses to the risks identified.

Part (b) of the question required candidates to discuss the importance of professional skepticism and professional judgment during the audit of the financial statements of Gliters Ltd. While a majority of the candidates scored maximum marks, a minority simply explained the meaning of professional skepticism and professional judgment instead of explaining the importance of the two in the audit. Further, some explained the importance of the two terms in an audit but did not give examples in doing so as per question requirement hence losing the marks allocated to doing so.

Part (c)

(i)   This part of the question required candidates to explain the difference between audit risk and business risk in relation to Gliters Ltd. A majority of the candidates explained the meaning of the two forms of risks and scored maximum marks.

There were candidates that scored less than half the available marks from which the following observations were made:

(i) There were candidates that explained the components of audit risk of inherent risk, control risk and detection risks without clearly explaining that these will have an impact on the figures in the financial statements.

(ii)   This part of the question required candidates to identify and explain 2 types of fraudulent activities in relation to Gliters Ltd. A majority of the candidates correctly explained the two forms of fraud using the information in the scenario and scored maximum marks.

Part (d) of the question required candidates to explain 3 advantages and 1 disadvantage for the use of flowcharts in documenting the internal control system of Gliters Ltd.

While a majority of candidates explained the advantages of the use of flowcharts in documenting the internal control system of Gliters Ltd there were a few that failed to give 3 advantages as required and others did not give a disadvantage as required by the question.

QUESTION THREE

The general performance on this question was good. 69 of the 133 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 51.9% was recorded. The lowest mark recorded was 0 while the highest was 22.

Part (a)
This part of the question required candidates to identify and explain 5 internal control weaknesses in the system of KCL and to explain the implication of each weakness. A majority of the candidates scored half or more of the available marks. A minority of candidates scored poorly because they did not address the second part of the question which required and explanation of the implication of each weakness identified and explained.

Part (b)
This part of the question required candidates to recommend suitable improvements to the internal control weaknesses identified in (a). A majority of the candidates suggested suitable recommendations for the weaknesses identified. A minority did not provide suitable recommendations to remedy the weaknesses identified and lost the marks allocated to doing so.

Parts (a) and (b) above should have been answered as one in columnar form in order to save time in the examination.

Part (c)

(i)   This part of the question required candidates to describe 5 tests of control that can be performed to assess whether the internal controls of KCL are operating effectively.

       A majority of candidates explained the tests of controls that could be undertaken in testing the controls in KCL and scored more than half the available marks. A few candidates could not give 5 tests of controls as required and so lost marks for not doing so.

(ii)   This part of the question required candidates to explain the difference between genera controls and application controls in relation to the audit of the financial statements of KCL. A majority of the candidates scored maximum marks in this part of the question.

Part (d)

(i)   This part of the question required candidates to explain 4 audit procedures in relation to trade receivables.

A majority of the candidates scored half or more of the available marks. There were a few candidates that explained methods of obtaining audit evidence instead of using these in describing the audit procedures that should be undertaken.

(ii)   This part of the question required candidates to explain directional testing giving two examples of how it can be used to detect errors and omissions.

A majority of the candidates simply did not attempt to answer this part of the question. Of those that attempted to answer this question a majority could not correctly explain directional testing and were not able to give examples of its use and as a result scored poorly.

QUESTION FOUR

The general performance on this question was very poor. 4 of the 75 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 5.3% was recorded. The lowest mark recorded was 1 while the highest was 13.5.

Part (a) of the question required candidates to explain two analytical techniques that can be used to obtain sufficient appropriate audit evidence. Most candidates did not earn any marks in answering this part of the question. Most candidates explained the meaning of analytical procedures in general instead of explaining two specific analytical techniques that could be used in obtaining audit evidence.

There were candidates that explained financial statement assertions which did not answer the question requirement, and no marks were awarded for doing so.

This part of the question required candidates to explain how external auditors can use analytical procedures in relation to rent and payroll costs. The performance in this part of the question was poor with most candidates scoring less than half the available marks. Most of the candidates could not illustrate the use of analytical procedures in obtaining evidence in the audit of rent and payroll costs.

A sizeable number of candidates simply explained assertions without demonstrating the use of analytical procedures in the audit of rent and payroll costs resulting in the loss of marks.

This part of the question required candidates to explain the difference between sampling and non-sampling risks, giving examples. Most of the candidates could not

ably explain the difference between sampling and non-sampling risks. In doing so candidates needed to explain each of these types of risks.

There were those that explained sampling risk as a risk in a sample and non-sampling risk as a risk which is not in a sample which does not correctly explain these two terms. Explaining these two terms required candidates to relate them to the conclusion reached by the auditor because of relying on sample results while non-sampling risk is related to other matters other than the fact that only samples were tested.

Part (b) of the question required candidates to explain 4 disadvantages associated with the use of CAATs. Candidates lost marks by simply not being able to give 4 disadvantages as required while others gave them advantages which were not asked for and no marks were awarded for doing so.

This part of the question required candidates to explain the difference between random and stratified sampling. Most candidates simply did not attempt to answer this part of the question while of those that attempted to answer it, the majority clearly did not know the two types of sampling and gave answers that are clearly incorrect.

The following observations were made:
There were candidates that simply repeated the question by stating that random is a sample obtained randomly, and stratified sampling is the use of stratification without further explanation.
There were candidates that mistook stratification for systematic sampling which is incorrect.
Part (c) of the question required candidates to explain the difference between general purpose audit software and customized audit software. Most candidates scored less than half the available marks, signifying a lack of knowledge of the two forms of software that could be used by the auditors. Basically, the matter relates to off-the-shelf software that could be used in the audit of various client systems while customized audit software is developed internally by the auditors.

Part (d) of the question required candidates to explain the reasons why the balances of high value items and all items above a certain amount were chosen.

The performance in this part of the question was poor because candidates could not satisfactorily explain the choice of high value items that are selected. Consideration should have been made on the impact of these amounts on the financial statements. Most of the candidates did not attempt to answer this part of the question.

QUESTION FIVE

The general performance on this question was poor. 23 of the 78 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 29.5% was recorded. The lowest mark recorded was 0 while the highest was 21.

Part (a) of the question required candidates to explain 5 substantive audit procedures in relation to the new milling plant constructed. As previously observed in the past examinations, the performance on audit procedures was poor. Audit procedures are an important part of the syllabus and candidates are required to ensure they can suggest suitable audit procedures for specific accounting issues in the syllabus.

The following observations were made:
A sizeable number of candidates lost marks for failing to suggest 5 substantive audit procedures as required.
There were candidates that explained methods of obtaining audit evidence instead of describing audit procedures using the explained methods.

Part (b) of the question required candidates to explain 4 factors that should be considered prior to attending the inventory count. Candidates did not consider the fact that the factors to be considered are those prior to the inventory count and not during and after the inventory count.
The following observations were made:
A significant number of candidates discussed factors to consider during and after inventory for which no marks were awarded as these did not address the question requirement.
The majority did not discuss matters in planning attendance of the inventory count and lost marks for discussing matters not related to planning attending the inventory count.

Part (c) of the question required candidates to explain 3 reasons why a negative confirmation will be appropriate in relation to receivables of K76 000. Candidates should have considered the information in the scenario in answering this question.

The following observations were made:
There were candidates who mistook negative confirmation with negative assurance and discussed audit opinions which were not relevant in answering this part of the question.
A sizeable number of candidates explained the meaning of negative confirmation without explaining why it would be appropriate in the case at hand.

Part (d) of the question required candidates to explain the meaning of Key Audit Matters. Most of the candidates ably explained KAM and scored maximum marks. There was a sizeable number that did not know the meaning of KAM and related them to the emphasis of matters paragraph which is incorrect.

This part of the question required candidates to explain the circumstances in which unmodified opinion, qualified opinion, adverse opinion and a disclaimer of opinion are given. Candidates needed to be familiar with the provisions of ISA 700 Forming an opinion and reporting on financial statements and ISA 705 Modifications to the opinion in the independent auditor's report in satisfactorily answering this part of the question.

Candidates needed to discuss the two situations of obtaining sufficient appropriate evidence and when there is a limitation of scope the impact of materiality and pervasiveness on the audit opinion.

The following observations were made:
There were candidates that showed a lack of understanding in the forms of opinions such as:
Describing unmodified opinion as a report with corrections and unqualified as a core to the auditor after corrections of mistakes both of which are incorrect.
A disclaimer was explained as one given when an auditor warns the shareholders and others suggested that a disclaimer is given when a business is not doing well.

Part (e) of the question required candidates to explain 3 factors that indicate that LCHH is having going concerning problems.

Most of the candidates scored maximum marks. A small minority gave general factors not related to the information in the scenario which did not earn marks. There were a few candidates that explained the meaning of going concern which was not answering the question requirement.

This part of the question required candidates to suggest an appropriate audit opinion if management of LCH refuse to extend its assessment of going concern assessment.

Most of the candidates scored maximum marks. A minority lost marks for simply suggesting a form of opinion with no justification as expected.

Overall performance of candidates
Highest mark obtained in this paper: 74%
Lowest mark obtained in this paper: 8%
Overall pass rate in this paper: 50.3%

SUBJECT: DA12- GOVERNANCE AND CORPORATE LAW

QUESTION ONE

The general performance on this question was very poor. 14 of the 73 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 19.2% was recorded. The lowest mark recorded was 0 while the highest was 18.

This question was based on (a) the procedure to follow when affecting a decision. This shows that candidates did not just pay particular attention to how decisions are made in a company; the same applied for Part (b) based on the safeguards to be put in place when passing the resolution. and the last part (c) which required candidates to explain the three types of resolutions. The performance was good with all candidates giving the correct three types of resolutions that a company passes.

Future candidates are encouraged to revise the topic in Full as provided in the ZICA manual. They are further called upon to make use of past papers which are readily accessible at ZICA library and website.

QUESTION TWO

The general performance on this question was good. 43 of the 72 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 59.7% was recorded. The lowest mark recorded was 2 while the highest was 22.

The question had three parts.

(a) Under part A, candidates had to explain the circumstances under which class meetings are held and the purpose of it thereof. Above 70% of the candidates got this part correctly.

(b) Candidates answered this question well. The question demanded students demonstrate understanding of lifting of the veil of incorporation. They were to demonstrate the procedure for the same.

(c) This part demanded candidates to define nominal capital.

In future, students must be encouraged to fine tune the studying to learning outcomes and the required detail in all aspects of the syllabus.

QUESTION THREE

The general performance on this question was good. 16 of the 23 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 69.6% was recorded. The lowest mark recorded was 1 while the highest was 25.

This question had two parts. (a) Divided into three parts.
(i) insider dealing; (ii) companies limited by guarantee and (iii) voluntary disclosure. Under part (b) the performance was good as all candidates identifying the correct ways of lifting the veil of incorporation. For the candidates who failed to give the correct answers, it appears that they did just study the topics, hence the difficulty in identifying the correct answers. Going forward candidates are encouraged to devote enough time to their studies.

QUESTION FOUR

The general performance on this question was good. 32 of the 62 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 51.6% was recorded. The lowest mark recorded was 4 while the highest was 24.

This question had four parts. Part (a) It required candidates to firstly demonstrate their understanding of the modes of winding up a company. Part (b) needed students to demonstrate the grounds for compulsory winding up. Part (c) to explain the advantages of dissolution of a company by compulsory winding up. Part (d) required candidates to explain how a company can sale its shares to the public and equally the contents of a prospectus.. In future candidates should prepare adequately.

QUESTION FIVE

The general performance on this question was good. 44 of the 61 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 72.1% was recorded. The lowest mark recorded was 6 while the highest was 22.

This question was divided into four parts.

(a) Students were able to explain the meaning of PLC from the given scenario. Only a few missed it, a sign that they took the topic casually.

(b) All candidates managed to give the correct contents of a prospectus and the issuance of new shares.

(c) Most were able to discuss the effects of misinformation on statements of prospectus.

(d) Othe than resignation, candidates were required to explain five (5) other ways through which a director may vacate office. Future Candidates are encouraged to continue working hard.

Overall performance of candidates
Highest mark obtained in this paper: 76%
Lowest mark obtained in this paper: 8%
Overall pass rate in this paper: 67.1%